

CHAPTER 10

Small Business Competitiveness Demonstration Program

BACKGROUND

Congress established the Small Business Competitiveness Demonstration Program in 1988 to test the effectiveness of eliminating small business set-asides in certain industries. (Title VII, Pub. L. 100-656), sections 201 and 202 of the Small Business Credit and Business Opportunity Enhancement Act of 1992 (Public Law 102-366), Sections 401-405 of the Small Business Reauthorization Act of 1997 (Public Law 105-135), and section 15 of the Office of Federal Procurement Policy Act, 41 U.S.C. 413.

A. PURPOSE

The Program has two primary objectives: (1) to demonstrate whether or not small businesses in certain industry groups can compete successfully on an unrestricted basis for Federal contracts, and (2) to demonstrate whether or not targeted goaling and management techniques can expand Federal contract opportunities for small businesses in industry categories where such opportunities historically have been low despite adequate numbers of small business contractors in the economy.

1. Program Requirements

The Program began on January 1, 1989 and consists of two major components: (1) unrestricted competition in four Designated Industry Groups, and (2) enhanced small business participation in agencies' ten Targeted Industry Categories. Contracts resulting from solicitations issued on or after January 1, 1989 and any subsequent modification to such contracts are covered by this program. Contract awards in the following designated industry groups are covered by the this program: Construction, Refuse system and related services including portable sanitation services, Architectural and engineering (A&E) services (including surveying and mapping) awarded under the qualification-based selection procedures required by 40 U.S.C. 541 et seq. (the "Brooks A-E Act"); and Non-nuclear ship repair-ship repair (including overhauls and conversions).

Targeted industry categories for enhanced participation are determined by each participating agency, in conjunction with the Small Business Administration (SBA). Visit <http://www.dhhs.gov/osdbu> for the targeted industry listing.

Contract awards under Federal Schedule Programs, with educational and non-profit institutions and or governmental entities are not covered by the Program. The Very Small Business Pilot Program (see chapter x) does not apply to any requirements that are covered by the Program.

The following agencies are participants in the Program:

The Department of Agriculture
The Department of Defense, except the National Imagery and Mapping Agency
The Department of Energy
The Department of Health and Human Services
The Department of Transportation
The Environmental Protection Agency
The General Services Administration
The National Aeronautics and Space Administration
The Department of Veterans Affairs, and
The Department of Interior.

Each participating agency shall have a small business participation goal that is 40 percent of the agency's total contract dollars awarded for construction major group 15, major group 16, and major group 17; A&E services; refuse systems and related services; east coast non-nuclear ship repair. The 40 percent goal applies separately to each construction major group and to east coast and west coast non-nuclear ship repair. In addition, each participating agency must make a good faith effort to assure that emerging small businesses receive not less than 15 percent of the agency's total contract dollars awarded for each of the four designated industry groups.

In accordance with the requirements of P.L. 100-656 and the annual DHHS Policy Directive, the DHHS Office of Small and Disadvantaged Business Utilization and the DHHS Office of Acquisition Management and Policy annually monitor contract activity in the designated industry groups described above. If the DHHS contract awards to small businesses exceed the mandated 40 percent goal in any designated industry group, the small business set-aside provision for that group is suspended for the following calendar year. On the other hand, if an annual review demonstrates failure to meet the 40 percent goal, set-asides will be initiated in that industry group for the next calendar year. It should be noted that suspension of set-asides does not preclude consideration of 8(a) or HUBZone contract set-asides.